



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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December 28, 2009

TO: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **MEASURE B SPECIAL TAX REVENUE FUND FOR TRAUMA CENTERS,
EMERGENCY MEDICAL SERVICES AND BIOTERRORISM RESPONSE**

Section 8 of the Los Angeles County Board of Supervisors Measure B Resolution requires the County Auditor-Controller to file an annual statement of financial activity with your Board no later than January 1st of each year. Accordingly, Attachment I reflects the Statement of Financial Activity for the Health Services Measure B Special Tax Fund for the Fiscal Year ended June 30, 2009. The Statement includes a summary of the amount of funds collected and expended pursuant to Measure B.

Section 8 also requires a status of projects required or authorized to be funded pursuant to Sections 3, 6, and 7 of the Resolution. Accordingly, Attachment II is the Status of Measure B Projects for Fiscal Year 2008-2009 as provided by the Department of Health Services.

If you have any questions related to the Statement of Financial Activity, please contact me, or your staff may contact John Hartnett at (213) 974-8327. Questions related to the Status of Measure B Projects may be directed to Eva Guillen of the Department of Health Services at (213) 240-7875.

WLW:MMO:JN:CY:JMH:rrr

Attachments

c: William T Fujioka, Chief Executive Officer
Sachi A. Hamai, Executive Officer, Board of Supervisors
John F. Schunhoff, Ph.D., Interim Director, Department of Health Services
Rick Auerbach, Assessor
Mark J. Saladino, Treasurer and Tax Collector

Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers and Bioterrorism Response
Statement of Financial Activity
For Year Ended June 30, 2009

Revenues:

Voter Approved Special Taxes	\$ 231,303,938	
Penalties, Interest & Costs - Delinquent Taxes	1,471,366	
Interest	2,348,778	(a)
Total Revenues	<u>\$ 235,124,082</u>	

Fiscal Year 2008-2009 Expenditures:

Services and Supplies:

Non-County Trauma Hospitals

Claims Based Expenditures FY 2008-09

California Hospital Medical	\$ 2,095,539	
Cedars-Sinai Medical Center	38,256	
Huntington Memorial Hospital	332,403	
Long Beach Memorial Medical	677,664	
Northridge Hospital	495,492	
Providence Holy Cross	2,469,755	
St. Francis Medical Center	1,722,650	
St. Mary Medical Center	559,182	
U.C.L.A. Medical Center	109,059	
Net Expenditure Refunds	<u>(2,434)</u>	
Total Claims Based Expenditures	\$ 8,497,566	(b)

Transitional Capacity Allowance

St. Francis Medical Center	\$ 809,250	
Net Expenditure Refunds	<u>(83,850)</u>	
Total Transitional Capacity Allowance	725,400	

Lump-Sum Funding

U.C.L.A. Medical Center-Direct Patient Care	\$ 397,051	
U.C.L.A. Medical Center-Base Station	<u>621,221</u>	
Total Lump-Sum Funding	1,018,272	(c)

Net Prior Year Expenditure Refunds

	<u>(594,554)</u>	(d)
Total Non-County Trauma Hospitals	\$ 9,646,684	

Trauma Access Increase

County Fire Department - Helicopter Lease	\$ 873,603	
County Fire Department - SGV Trauma	450,000	
Sheriff Services	<u>968,251</u>	
Total Trauma Access Increase	2,291,854	

Physicians Services for Indigent Program (PSIP)

PSIP-Trauma	\$ 3,499,691	(e)
PSIP-Emergency Room	1,216,000	(f)
PSIP-Prior Year	<u>3,449,727</u>	(g)
Total PSIP	8,165,418	

Auditor-Controller Services

750,762

Total Services and Supplies \$ 20,854,718

Measure B Special Tax Revenue Fund
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Other Charges - Inter-Governmental Transfers (IGT):		
IGT - FY 2008-09 - Direct Patient Care	\$ 9,617,026	
IGT - FY 2008-09 - Base Station	2,147,499	
Total IGT - FY 2008-09	<u>\$ 11,764,525</u>	(h)
Total Other Charges		11,764,525
Other Financing Uses - Operating Transfers Out:		
County Hospitals		
LAC+USC Medical Center	\$ 109,700,855	
Harbor/UCLA Medical Center	59,259,822	
Olive View Medical Center	42,451,323	
Total County Hospitals	<u>\$ 211,412,000</u>	
Public Health - Bioterrorism		
Salaries & Employee Expenses	\$ 3,313,132	
Equipment/Office Supplies/Other	52,314	
Travel/Mileage	32,061	
Total Public Health - Bioterrorism	<u>3,397,507</u>	
Emergency Medical Services		
Salaries & Employee Expenses	\$ 1,723,310	
Equipment/Office Supplies	32,690	
Total Emergency Medical Services	<u>1,756,000</u>	
Total Other Financing Uses- Operating Transfers Out		<u>216,565,507</u>
Total Fiscal Year 2008-2009 Expenditures		\$ 249,184,750
Prior Year Expenditures:		
Non-County Trauma Hospitals	\$ 1,200,605	
IGT - FY 07-08 - Direct Patient Care	9,874,176	
Total Prior Year Expenditures		<u>11,074,781</u> (u)
Grand Total Expenditures		<u>\$ 260,259,531</u>
Excess of Expenditures Over Revenues		\$ (25,135,449)
Contractual Obligations		
Net Cancellation of Prior Year Commitments		13,779,584
Commitments Outstanding at Fiscal Year-End		<u>(16,190,812)</u>
Net Change in Fund Balance		\$ (27,546,677)
Available Fund Balance, July 1, 2008		<u>\$ 37,437,947</u>
Available Fund Balance, June 30, 2009		<u>\$ 9,891,270</u>

**Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers and Bioterrorism Response
Statement of Financial Activity
For Year Ended June 30, 2009**

FOOTNOTES:

- (a) Interest earnings on monies in the Measure B special revenue fund.
- (b) Represents Fiscal Year 2008-09 expenditures only, excludes \$1,200,605 in prior year commitment expenditures.
- (c) This is the initial installment of UCLA Medical Center's (UCLA) FY 08-09 lump-sum payments. At the close of FY 08-09, \$0.8 million remained in the Measure B Fund encumbered as a contractual obligation to enable payment, during FY 09-10, of the final installment of UCLA's FY 08-09 lump-sum payments.
- (d) Gross refunds of \$1,500,227 returned to the County after a third-party payer was identified less \$905,673 in additional payments for prior years unpaid claims.
- (e) Includes \$1,029,932 in expenditures and an accrual of \$2,469,759 for pending claims.
- (f) Includes \$198,015 in expenditures and an accrual of \$1,017,985 for pending claims.
- (g) Represents FY 2007-08 actual expenditures; since an expenditure accrual was not processed in FY 2007-08, the FY 2008-09 S&S budget included \$3,450,000 to pay for FY 2007-08 Non-County trauma claims.
- (h) Reflects the initial installment of the IGT transfer to the State to draw-down federal Medi-Cal matching funds to maximize reimbursement to the private trauma hospitals to help ensure continued access by Medi-Cal beneficiaries to trauma and emergency care.
- (i) Commitment payments related to prior year expenditures.

Prepared By:
Los Angeles County
Department of Auditor-Controller, Accounting Division
Department of Health Services
Fiscal Services, SG, 12/10/09

Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers and Bioterrorism Response
Status of Measure B Projects
For Year Ended June 30, 2009

MEASURE B RATE INCREASE: \$45.2 million in revenue

On August 12, 2008, the Los Angeles County Board of Supervisors (Board) approved a rate adjustment to increase the Measure B property assessment rate by seventy-two hundredths of one cent (\$0.0072) per improved square foot, for a total of \$0.0372 per improved square foot, effective July 1, 2008, to take into account the cumulative increase in the medical component of the prescribed consumer price index from July 1, 2003 through May 31, 2008. This action provided an additional \$45.2 million in revenue beginning in FY 2008-09 and continues to provide needed additional funding for the Countywide system of trauma centers, emergency medical services, and bioterrorism response activities.

COUNTYWIDE SYSTEM OF TRAUMA CENTERS: \$211.4 million allocated to County hospitals; \$39.7 million allocated to non-County hospitals

County Hospitals

A total of \$211.4 million was allocated from Measure B revenues for trauma and emergency care services provided by the three County hospitals to eligible indigent patients. This included \$36.8 million in additional funding as a result of the Measure B rate increase to help offset a portion of the unreimbursed costs at the County hospitals. The budgeted funds were allocated as follows:

LAC-USC Medical Center	\$108.4 million
Harbor/UCLA Medical Center	59.2 million
Olive View/UCLA Medical Center	<u>43.8 million</u>
Total	<u>\$211.4 million</u>

Status: Subsequent to approval of the budget allocation, newer information became available to better estimate the unreimbursed emergency room costs. Therefore, the FY 2008-09 funds, which represent about 74% of the estimated \$284 million in unreimbursed emergency room costs for the Department, were distributed to the three County hospitals as follows:

LAC-USC Medical Center	\$109.7 million
Harbor/UCLA Medical Center	59.3 million
Olive View/UCLA Medical Center	<u>42.4 million</u>
Total	<u>\$211.4 million</u>

Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers and Bioterrorism Response
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Non-County Hospitals

On June 17, 2008, the Board approved a two-year Trauma Center Service Agreement (TCSA) with eleven non-County trauma centers to maintain the current level of trauma care services effective July 1, 2008 through June 30, 2010. The FY 2008-09 Board Adopted Final Budget included \$39.7 million in Measure B revenues for trauma care services provided by non-County hospitals to eligible indigent patients allocated as follows:

Claim-Based Payments	-	\$ 8.5 million
Lump-Sum Patient Care Payments	-	25.3 million
Lump-Sum Base Station Payments	-	3.1 million
Transitional Capacity Allowance	-	<u>2.8 million</u>
Total		<u>\$39.7 million</u>

The status of these projects is as follows:

Claim-Based Payments – A total of \$8.5 million was allocated to pay patient care claims for uninsured patients submitted by the eleven non-County trauma hospitals on a first-submitted, first-paid basis using a per diem schedule of rates per the County's contract with these trauma hospitals.

Status: At the close of Fiscal Year 2008-09, \$8.5 million in claims had been paid to the designated non-County trauma hospitals. Additionally, \$0.4 million in refunds were returned to the County after a third-party payer was identified for claims that were previously paid with Measure B funds. The \$0.4 million in refunds was subsequently "recycled" and used to pay previously unpaid claims submitted by the designated non-County trauma hospitals for FY 2008-09.

Lump-Sum Patient Care Payments – A total of \$25.3 million in lump-sum funding was budgeted for the eleven non-County trauma hospitals. This funding will be used as an intergovernmental transfer (IGT) to draw-down federal Medi-Cal matching funds for the non-County trauma hospitals and as a direct payment to UCLA Medical Center (as a public hospital, UCLA Medical Center (UCLA) participates in a program that precludes it from receiving these Medi-Cal matching funds). This included additional funding of \$6.0 million pursuant to provisions in the TCSA to increase the lump-sum funding in accordance with the Board approved Measure B assessment rate increase. The TCSA also included provisions for the Measure B adjustment related to the claims-based funding, which cannot be matched, to be

Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers and Bioterrorism Response
Status of Measure B Projects
For Year Ended June 30, 2009

utilized to increase the IGT and draw-down additional federal Medi-Cal matching funds enabling the non-County hospitals to more than double their funding.

Status: In accordance with a State Plan Amendment (SPA) to provide federal matching funds effective, July 1, 2003, approved by the federal Centers for Medicare and Medicaid Services on March 31, 2005, and separate agreements between each of the ten private trauma hospitals and the State, an IGT for the initial installment of FY 2008-09 in the amount of \$9.6 million was transferred to the California, Department of Health Services to draw-down federal Medi-Cal matching funds of \$15.4 million enabling the ten private trauma hospitals to receive a total of \$25.0 million in lump-sum Medi-Cal funding. The \$15.4 million was based on the Federal Medical Assistance Percentage (FMAP) rate of 50%, or \$9.6 million, and an additional \$5.8 million due to the increase in California's FMAP rate. In addition, a payment was issued directly to UCLA in the amount of \$0.4 million for its FY 2008-09 initial lump-sum patient care payment. At the close of the year, \$0.8 million remained in the Measure B Fund, encumbered as a contractual obligation for the FY 2008-09 final lump-sum payment to UCLA, and \$12.4 million for the final installment of the FY 2008-09 IGT ⁽¹⁾.

Lump-Sum Base Station Payments - A total of \$3.1 million in lump-sum, hospital specific payments was allocated to non-County hospitals for providing base station hospital services. This included additional funding of \$0.5 million pursuant to provisions in the TCSA to increase funding in accordance with the Board approved Measure B assessment rate increase.

Status: A total of \$2.2 million was transferred to the California Department of Health Services as an IGT to draw-down \$3.4 million in Medi-Cal matching funds, and a lump-sum payment of \$0.6 million was made to UCLA Medical Center for providing base station hospital services. As a result, the non-County trauma hospitals received a total of \$6.2 million in base station payments ⁽¹⁾.

Transitional Capacity Allowance - A total of \$2.8 million was allocated to St. Francis Medical Center (SFMC) for the continuation of trauma services provided to eligible indigent patients who either arrive at SFMC via paramedic ambulance or are directly admitted from the SFMC emergency room for the period July 1, 2008 through June 30, 2009.

On July 17, 2008, the Board approved Amendment No. 5 to extend the Trauma Center Service Augmentation Agreement (TCSAA) with SFMC for one year, from

**Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers and Bioterrorism Response
Status of Measure B Projects
For Year Ended June 30, 2009**

December 1, 2008 through November 30, 2009.

Status: At the close of the fiscal year, \$0.8 million had been paid to SFMC for their Transitional Capacity Allowance, \$0.6 million was encumbered as a contractual obligation, and the unexpended balance of \$1.4 million remained in the Measure B fund.

PHYSICIAN SERVICES FOR INDIGENTS PROGRAM: \$8.2 million allocated

The FY 2008-09 budget included \$8.2 million for non-County Physician Trauma Services for Indigents and Emergency Services for Indigents Programs at SFMC. This amount included \$3.5 million carried forward from FY 2007-08 to pay for prior year services.

The status of these projects is as follows:

Status: At the close of the fiscal year, the following amounts had been paid: \$3.5 million for prior year physician services, \$1.0 million for claims by non-County physicians for trauma services provided in FY 2008-09 and \$0.2 million for emergency services at SFMC during FY 2008-09. The remaining \$3.5 million was established as an expenditure accrual.

TRAUMA ACCESS EXPANSION TO UNDERSERVED AREAS: \$4.4 million allocated

The FY 2008-09 budget included \$4.4 million for expanded access to trauma services for patients in underserved areas (East San Gabriel Valley, Antelope Valley and Malibu) and to ensure the infrastructure for trauma transports is maintained. It was composed of the following:

LA County Fire Dept. - Helicopter Lease	\$1.0 million
LA County Fire Dept. - Paramedic Air Services in E. San Gabriel Valley	0.5 million
LA County Sheriff's Dept. - Air Transport Services in Antelope Valley	1.0 million
Unallocated	<u>1.9 million</u>
 Total	 <u>\$4.4 million</u>

On March 31, 2009, the Board approved Measure B funding of up to \$1.2 million for FY 2008-09 to the Los Angeles City Fire Department (LAFD) for the cost of providing trauma air transport in the underserved areas of the San Fernando Valley and surrounding

Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers and Bioterrorism Response
Status of Measure B Projects
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communities and reimbursement of equipment costs associated with the Commission on Accreditation of Medical Transport System (CAMTS) survey. As a result, the funds were reallocated as follows:

LA County Fire Dept. - Helicopter Lease	\$1.0 million
LA County Fire Dept. - Paramedic Air Services in E. San Gabriel Valley	0.5 million
LA County Sheriff's Dept. - Air Transport Services in Antelope Valley	1.0 million
LA City Fire Dept. – Paramedic Air Services in SF Valley	1.2 million
Unallocated	<u>0.7 million</u>
 Total	 <u>\$4.4 million</u>

The status of these projects is as follows:

Helicopter Lease/Purchase – A total of \$1.0 million was allocated to fund the Los Angeles County Fire Department's helicopter lease/purchase costs related to the expanded 24-hour/7-day per week level of air ambulance services in the Antelope Valley.

Status: A total of \$0.9 million was transferred from the Measure B fund to the Los Angeles County Fire Department for actual costs incurred for this purpose. The remaining \$0.1 million was not encumbered or expended, and remains in the Measure B fund.

Aircraft Transport Capabilities – A total of \$2.7 million was allocated for funding to the Los Angeles County Fire Department and Sheriff's Department and LAFD for provision of expanded paramedic and air transport services to trauma center criteria patients in underserved areas.

Status: A total of \$1.5 million was transferred from the Measure B fund to the Los Angeles County Fire Department (\$0.5 million) for East San Gabriel Valley paramedic air squad services and the Sheriff's Department (\$1.0 million) for staffing and related operational costs for air search and rescue services in the Antelope Valley, and \$1.0 million was encumbered as a contractual obligation to LAFD. The remaining \$0.2 million remained in the Measure B fund.

Unallocated – This \$0.7 million was unexpended and unencumbered, and remained in the Measure B fund. In future years, some or all of these Trauma Access Expansion funds (\$4.4 million) may be used to supplement hospitals in these underserved areas that wish to join the Countywide System of Trauma Centers.

**Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers and Bioterrorism Response
Status of Measure B Projects
For Year Ended June 30, 2009**

BIOTERRORISM RESPONSE: \$3.4 million allocated

The FY 2008-09 budget included \$3.4 million to support Public Health programs for bioterrorism preparedness activities to address the medical needs of persons exposed to bioterrorist or chemical attack. This included \$0.7 million in additional funding as a result of the Measure B rate increase.

Status: A total of \$3.4 million was transferred to Public Health for salaries and benefits (\$3.3 million) and equipment and supplies (\$0.1 million).

EMERGENCY MEDICAL SERVICES AGENCY: \$1.8 million allocated

A total of \$1.8 million was allocated to support the Emergency Medical Services Agency for coordination of emergency and trauma services and all health-related emergency and disaster preparedness for public and private hospital readiness.

Status: A total of \$1.8 million was transferred to the Emergency Medical Services Agency for coordination of emergency and trauma services and all health-related emergency and disaster preparedness for public and private hospital readiness.

ADMINISTRATIVE COSTS: \$1.0 million allocated

A total of \$1.0 million was allocated to cover the administrative costs associated with the Measure B Special Tax.

Status: A total of \$0.8 million was transferred to the Auditor-Controller for administrative costs associated with Measure B. The unexpended balance of \$0.2 million remained in the Measure B fund.

Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers and Bioterrorism Response
Status of Measure B Projects
For Year Ended June 30, 2009

FOOTNOTES:

- (1) Since separate Federal matching funds were approved, the private trauma hospitals will receive an additional \$38.0 million in Medi-Cal funds bringing the total of these payments to \$61.8 million as follows:

	<u>County IGT</u>	<u>Medi-Cal Matching Funds</u>	<u>Total Received Private Trauma Hospitals (a)</u>
Initial Transfer:	\$11.8 million	\$18.8 million	\$30.6 million (b)
Final Transfer:	<u>12.0 million</u>	<u>19.2 million</u>	<u>31.2 million (c)</u>
Total	<u>\$23.8 million</u>	<u>\$38.0 million</u>	<u>\$61.8 million</u>

- (a) Total excludes payments to UCLA since it is a public entity and is not eligible to receive Medi-Cal matching funds, but is eligible for reimbursement for certain uncompensated emergency room costs for Medi-Cal recipients under AB 915.
- (b) Includes \$25.0 million (\$9.6 million IGT + \$15.4 million matching funds) for patient care services and \$5.6 million (\$2.2 million IGT + \$3.4 million matching funds) for base station services.
- (c) Estimated amount to be received by the PTH. The final transfer has not been made yet and could vary significantly depending on UCLA's proportion of the total unpaid claims. If UCLA's share of unpaid claims is greater than the estimated amount, then the remaining amounts of the IGT and total will decrease. If UCLA's share of unpaid claims is less than the estimated amount, then the remaining amounts for the IGT and total will increase. The actual amount of the final installment is not yet known.

Prepared By:

Los Angeles County

Department of Health Services

Fiscal Services

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